

Related Change Request (CR) #: 3609

MLN Matters Number: MM3609

Related CR Release Date: December 17, 2004

Related CR Transmittal #: 405

Effective Date: January 1, 2005

Implementation Date: January 3, 2005

Emergency Change to Carrier Instructions for the End Stage Renal Disease (ESRD) 50/50 Rule Implementation

Note: This article was revised to contain Web addresses that conform to the new CMS web site and to show they are now MLN Matters articles. All other information remains the same.

Provider Types Affected

Physicians and suppliers billing Medicare Part B carriers for Automated Multi-Channel Chemistry Test(s)

Provider Action Needed

Physicians and suppliers should note that this article reflects an update to *Change Request (CR) 2813, End Stage Renal Disease (ESRD) Reimbursement for Automated Multi-Channel Chemistry Test(s) (AMCC)*. In CR2813, the Centers for Medicare & Medicaid Services (CMS) directed Medicare carriers to implement certain changes to enable full implementation, on January 2005, of new guidelines to enforce the "ESRD 50/50" rule related to payment policy for ESRD-related AMCC tests.

This article and the related CR 3609 notifies carriers to discontinue the implementation of the business requirements associated with CR 2813 until further notice. Those who bill carriers for such tests are also hereby notified of this delay.

Background

ESRD 50/50 Rule

The Office of Inspector General (OIG) conducted several audits and concluded that Medicare payments for ESRD-related Automated Multi-Channel Chemistry (AMCC) tests were not in compliance with CMS payment policy for these services (i.e., the ESRD 50/50 rule). In response to the OIG report findings, CMS issued instructions (CR 2277 and CR 3239) to Medicare carriers regarding procedures to enforce compliance with the payment policy for ESRD-related AMCC Tests (i.e., the ESRD 50/50 rule).

The ESRD 50/50 rule requires the billing laboratory to maintain a count of AMCC tests ordered to track the number of tests included in the composite payment rate paid to the ESRD facility, or the monthly capitation

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payment made to the furnishing physician, versus the number of covered non-composite tests performed for the same beneficiary on the same date of service.

The proportion of composite versus non-composite tests calculated by the billing laboratory is used to determine whether separate payment may be made for all tests performed on that day.

In *Change Request (CR) 2813, End Stage Renal Disease (ESRD) Reimbursement for Automated Multi-Channel Chemistry Test(s)*, CMS directed Medicare carriers to make the necessary systems changes to implement front-end edits in preparation for the standard system implementation of CR 2813 in the January 2005 release.

Further, in *CR 3501, Release MLN Article for Change Request (CR) 2813 (End Stage Renal Disease Reimbursement for Automated Multi-channel Chemistry Test(s))*, CMS authorized carriers to do the following:

- Post a provider education article related to CR 2813 on the CMS MLN Matters web site.
- Supplement CR 2813 with any localized information that would benefit the provider community in implementing the new billing procedures.

Implementation of Billing Procedures and Guidelines

Since the release of CR 2813, CMS has met with members of the laboratory industry to discuss:

- 1) The ESRD 50/50 rule; and
- 2) The changes to current billing procedures that would be necessary to be compliant with this policy.

Subsequently, CMS has learned that the industry may not be ready to implement these new guidelines by January 2005, because of:

- The complexity of systems changes needed to implement the billing procedures specified in CR 2813; and
- The delay in releasing these guidelines to the industry until the publication of CR 3501 in October 2004.

For these reasons, CMS:

- Will not require suppliers to bill for ESRD-related AMCC tests in accordance with CR 2813 at this time; and
- Is reevaluating the carrier implementation strategy for the "ESRD 50/50" rule compliance guidelines.

Instructions for Carriers

CR 3609 instructs carriers to do the following until further notice:

- Discontinue the implementation of the business requirements associated with CR 2813.
- Remove the CD, CE, and CF modifiers from the local carrier modifier table by December 31, 2004.
- Continue to follow existing guidelines for processing claims for ESRD AMCC tests and making payment determinations for these services.

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- Continue to reject the line item(s) on a claim for an ESRD AMCC test(s) when submitted with a CD, CE, or CF modifier.

CR 3609:

- Pertains only to the carrier changes associated with the implementation of CR 2813.
- Does not apply to the intermediaries or to the providers that bill intermediaries.

Intermediaries and providers who submit claims to intermediaries should continue to follow the existing guidelines for billing ESRD-related AMCC tests, in accordance with CR 3239 and CR 2277.

CMS will provide further direction to the carriers concerning the carrier implementation of the ESRD 50/50 rule compliance guidelines in a future CR.

Implementation

The implementation date for this instruction is January 3, 2005.

Additional Information

For complete details, please see the official instruction issued to your carrier regarding this change. That instruction may be viewed at <http://www.cms.hhs.gov/transmittals/Downloads/R405CP.pdf> on the CMS web site.

If you have any questions, please contact your carrier at their toll-free number, which may be found at <http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS web site.

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